

Q1 2016



City of Hollister Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (January - March 2016)

Hollister In Brief

Hollister's receipts from January through March were 21.1% above the first sales period in 2015. Excluding reporting aberrations, actual sales were up 16.8%.

Strong quarterly sales by the auto sector were enhanced by continued low interest rates on long-term financing options and the need for supplies and repair shops. While continued consumer interest in dining out combined with onetime retroactive payments in the current period led to increased receipts from restaurants.

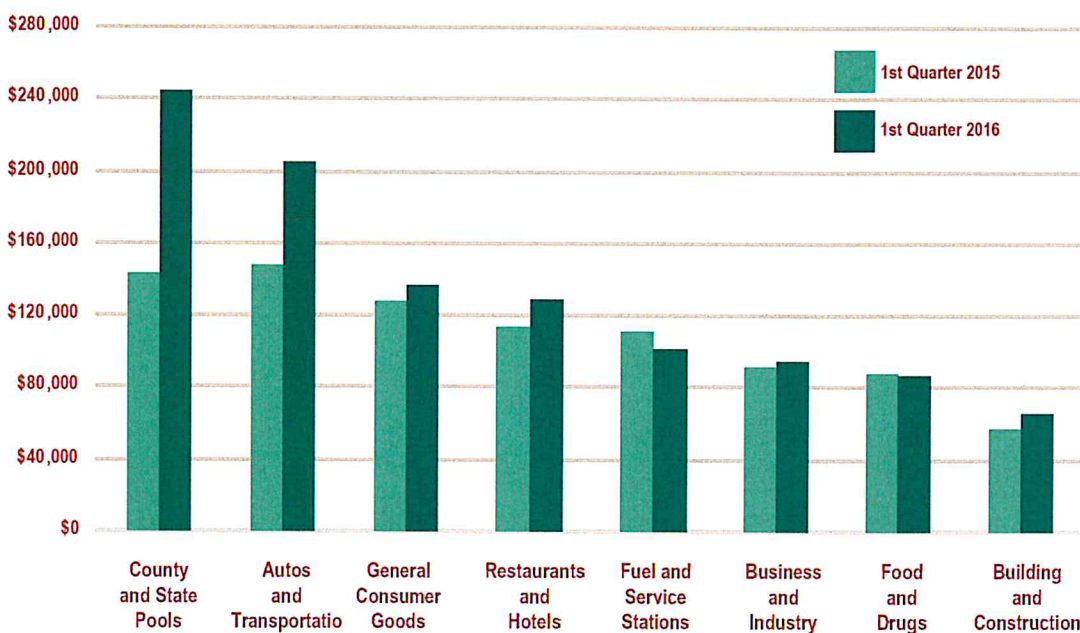
Solid winter activity by building-construction merchants and a 71% increase in the countywide use tax pool allocation, mostly attributed to large capital purchases, further contributed to the overall growth.

For the sixth straight quarter, weak demand for crude oil and a stable supply of retail fuel locally, pushed down gas prices and therefore revenue from service stations negatively impacting the gains.

The City's voter approved one-cent transaction tax, Measure E, generated an additional \$1,148,994, an increase of 12.9% over the prior year.

Net of aberrations, taxable sales for all of San Benito County grew 8.1% over the comparable time period; the Central Coast region was up 4.2%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Ace Hardware & Lumber	Kmart
All Star Ready Mix	McDonalds
Arco AM PM	McKinnon Lumber
AutoZone	Nob Hill General Store
AZ Electronics Materials	Rite Aid
Brigantino Irrigation	Round Table Pizza
Cheung Sheng Chinese Restaurant	Safeway
Ciminos Cabinet Doors	Safeway Fuel
Crop Production Services	Save Mart
Greenwood Chevrolet Buick GMC	Shop N Save
Hollister Chevron	Target
	Tiffany Ford Lincoln Mercury
	Tiger Express Mart
	Verizon

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2014-15	2015-16
Point-of-Sale	\$3,258,755	\$3,385,628
County Pool	568,632	763,402
State Pool	2,234	2,465
Gross Receipts	\$3,829,621	\$4,151,495
Less Triple Flip*	\$(957,405)	\$(771,352)
Measure E	\$4,392,414	\$4,752,972

California Overall

The local one-cent share of the statewide sales and use tax was 3.1% higher than the year-ago quarter after excluding payment aberrations.

Gains in the countywide use tax pools were the largest contributor to the increase due to the growing impact of online purchases from out-of-state sellers and the corresponding shift of tax revenues from brick and mortar retail stores to fulfillment centers that process orders online. Not surprisingly, areas with concentrations of young, affluent buyers saw the highest online sales growth and the weakest general consumer goods results.

Solid results from auto sales and leases, transportation rentals, contractor supplies and restaurants also contributed to the overall increase.

The 5.6% gain in the business-industry sector was bolstered by onetime receipts for equipment purchases related to alternative energy projects.

Most general consumer goods categories were flat or down, except for specialty stores, electronics-appliance stores and home furnishings, consistent with the trend of consumers buying more from online retailers.

Gains from most other segments were relatively modest, while lower prices at the pump caused an 11.4% decline in fuel tax revenues, extending the decline to a sixth consecutive quarter.

Robust Growth in Online Sales

National surveys reveal that consumers buy online to avoid crowds, save time and find better bargains. Online shopping also benefits buyers in rural areas with fewer shopping options.

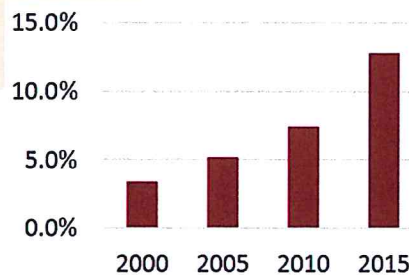
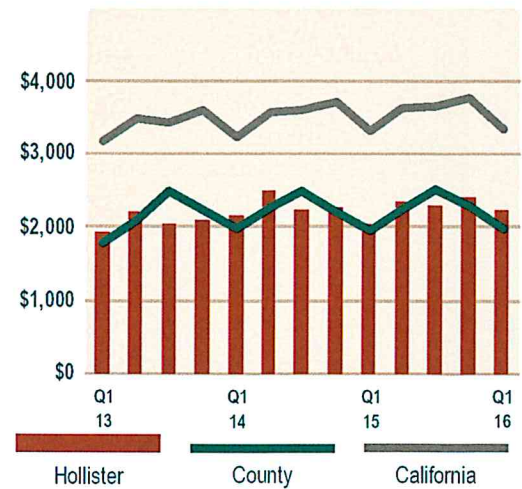
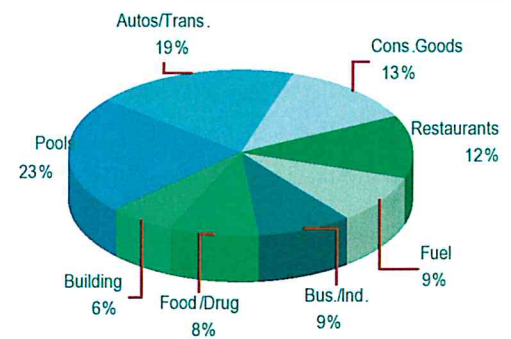
Total online spending comprised 12.8% of all general consumer goods purchases in 2015, up from 3.4% in 2000.

According to Forrester Research, Amazon accounted for 60% of total online sales growth in 2015.

Though the online share of overall sales

remains relatively modest, the year-over-year growth rate indicates a major shift in retailing is well underway. In response, more and more traditional brick and mortar retailers are opening online sales channels in recognition of this growing trend largely powered by younger buyers.

Department store chains have been particularly hard hit as Amazon has expanded its offerings to include apparel and fashion merchandise. Media reports indicate Macy's recently suffered its worse quarterly sales since the recession, while Nordstrom, J.C. Penney and Kohl's all reported lower sales. Each of these chains has established a solid web presence in a fight to retain market share.

**Online General Consumer Goods
YOY Percentage Growth****SALES PER CAPITA****REVENUE BY BUSINESS GROUP
Hollister This Quarter****HOLLISTER TOP 15 BUSINESS TYPES**

Business Type	Hollister		County	HdL State
	Q1 '16	Change	Change	Change
Auto Repair Shops	11,502	51.5%	46.5%	7.4%
Automotive Supply Stores	30,741	21.1%	22.2%	4.8%
Casual Dining	55,745	17.9%	16.6%	5.9%
Contractors	— CONFIDENTIAL —		-8.7%	1.7%
Discount Dept Stores	— CONFIDENTIAL —		0.8%	-0.3%
Drug Stores	— CONFIDENTIAL —		-2.1%	0.0%
Drugs/Chemicals	28,121	-0.9%	-7.2%	-7.0%
Electronics/Appliance Stores	19,995	25.2%	25.2%	2.8%
Garden/Agricultural Supplies	44,429	23.8%	26.3%	0.2%
Grocery Stores Liquor	51,939	7.3%	7.6%	1.6%
Liquor Stores	14,955	4.9%	4.9%	3.6%
Lumber/Building Materials	— CONFIDENTIAL —		-8.6%	4.5%
New Motor Vehicle Dealers	— CONFIDENTIAL —		45.1%	3.1%
Quick-Service Restaurants	67,348	9.2%	12.7%	6.4%
Service Stations	100,951	-9.1%	-9.3%	-9.3%
Total All Accounts	820,857	11.4%	1.6%	1.8%
County & State Pool Allocation	245,231	70.7%	55.7%	14.1%
Gross Receipts	1,066,088	21.1%	10.5%	3.2%